



Defense Finance and Accounting Se

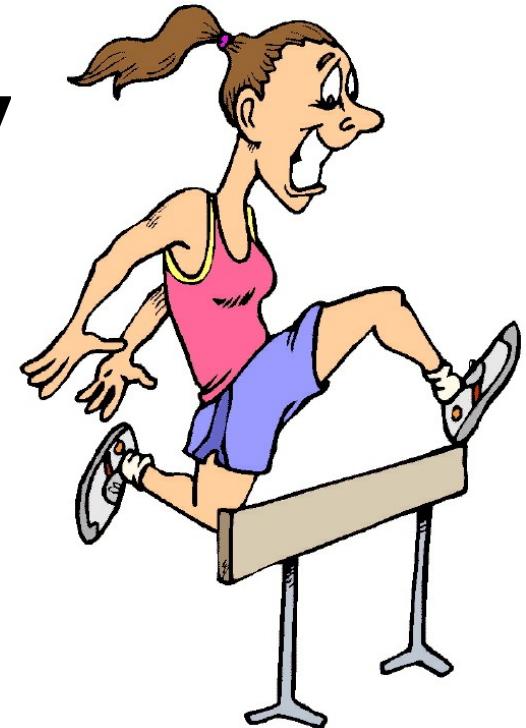
System Acquisition through Milestone A

Your Financial Partner @ Work

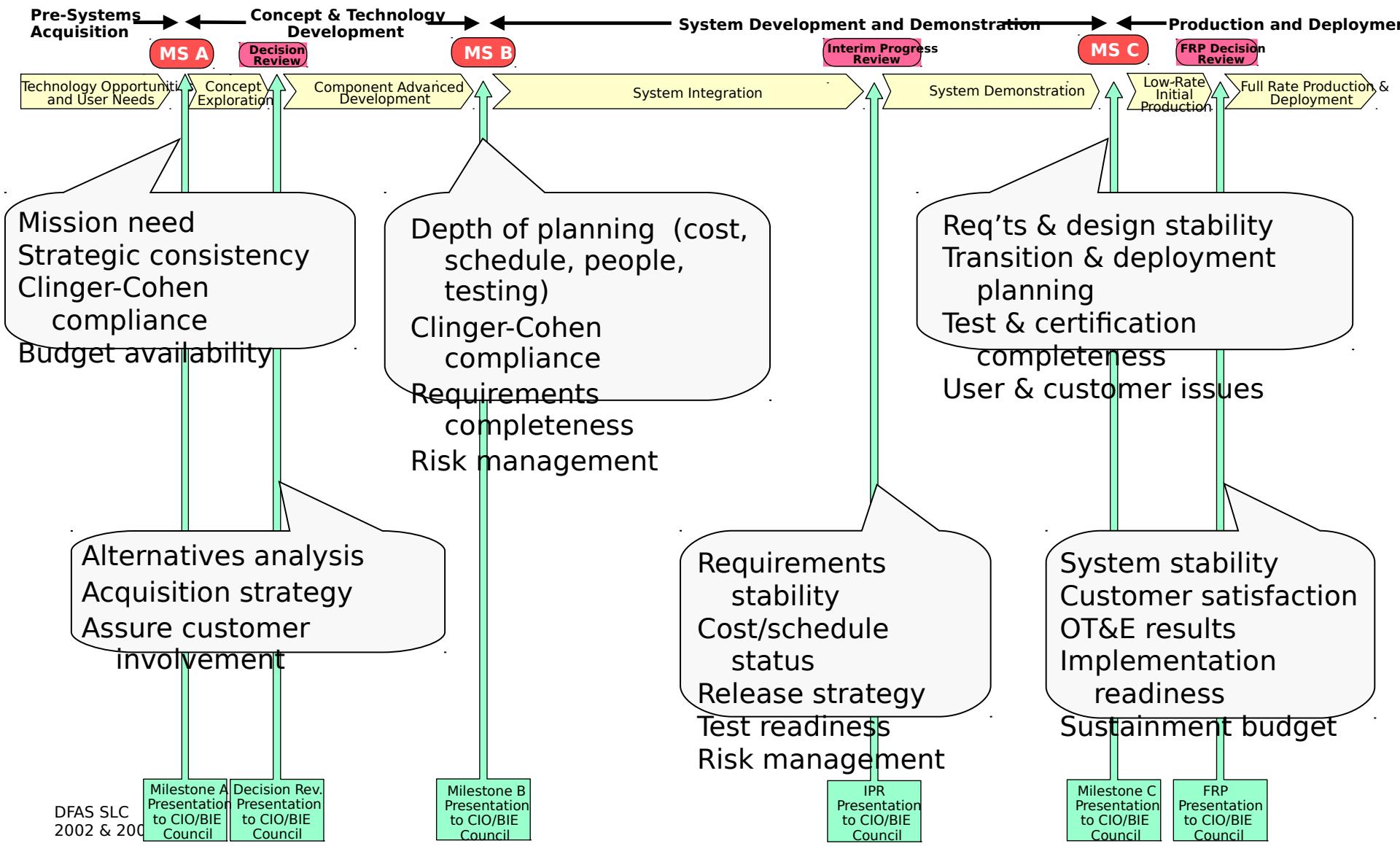
DFAS-DTC
SLC Seminar 2002 & 2003

Winning the Race by Milestones

- Milestone A**
- Decision Review**
- Milestone B**
- Interim Progress Rev**
- Milestone C**
- Full-Rate Production
Decision Review**



Winning the Race by Milestones



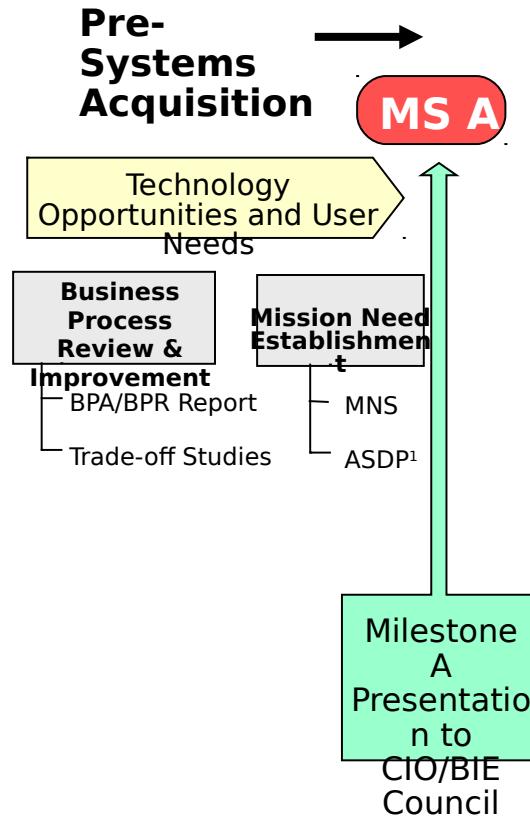
Pre-Systems Acquisition

- **What's Done in this Phase:**
 - **Assess shortfalls**
 - **Analyze and reengineer business processes**
 - **Develop and gain approval for mission needs**
- **Concludes with:**
 - **Milestone A Review**



Technology Opportunities and User Needs

Lead to Milestone A



Technology Opportunities and User Needs

- Business Process Review and Improvement**
 - Identify and Document Initial Requirements**
 - Review Current Business Process**
 - Determine Business Performance Requirements - Business Process Analysis**
 - Establish Customer Relationship**
- Mission Need Establishment**
 - Establish Mission Need**
- Milestone A Review**
 - Conduct Milestone A Review**



Abbreviated System Decision Paper

ABBREVIATED SYSTEM DECISION PAPER

1. Overview. Summarize at a high level the purpose and description of the automated information system (AIS). Include in the summary area within the DFAS Strategic Plan and Investment Management Plan that the system supports. (The purpose of this Abbreviated System Decision Paper (ASDP) provides information to the Milestone Decision Authority (MDA) to obtain approval for the development of an AIS that has projected total ownership costs (TOC) (development and operations) of \$2M or less. The AIS should have a mission need that can be identified as supporting the DFAS strategic goals and is a small, non-complex program that can be developed in a short period of time. The Abbreviated System Decision Paper (ASDP) is prepared by the program manager/functional project officer (PM/FPO) or system manager and approved one time by the MDA. The ASDP is not an iterative document. Approval of the ASDP by the MDA means that the program can be initiated, developed, and tested, but must have MDA approval to be implemented and deployed. The PM/FPO must present the acquisition strategy to the Chief Information Officer (CIO)/Business Integration Executive (BIE) Council prior to gaining MDA approval. Developing the strategy and identification of any additional documentation required for the program to gain a Milestone C decision will be identified as part of the streamlining effort between the PM/FPO and the DFAS Life Cycle Management (LCM) support staff. This does not preclude the PM/FPO or system manager from developing any other documentation that might aid him/her in developing and implementing the AIS.

2. Program Information.

2.1. Need. Outline the need for automation as related to specific elements of the activity's mission. Briefly summarize the functional requirements and information-dependent tasks. Describe the current method and evaluate the impact on operations by maintaining the status quo.

2.2. Proposed Solution. Summarize the selected resource solution (functional requirements of the hardware and software) intended to satisfy the information processing need.

2.2.1. Assumptions and Constraints. Identify assumptions and constraints considered in the selection.

2.2.2. Acquisition Strategy. Explain the acquisition strategy, indicating whether acquisitions will be competitive or non-competitive and from what source they will be acquired. Indicate the milestone schedule of planned events, such as target dates for acquiring equipment and implementing various applications.

2.2.3. Tailored System Life Cycle. Provide an overview of the selected system life cycle approach defined as part of the tailoring efforts performed as part of the selection of the acquisition strategy defined above using the DFAS system life cycle process. Show what will be provided in terms of LCM documentation to capture the results of the LCM activities performed as part of the acquisition strategy.

2.3. Alternatives Considered. Summarize alternatives considered and explain why each was not selected as the proposed solution to the automation need. Explain why the selected alternative was chosen. Summarize the results in Table 1 below:

Alternative	Cost	Schedule Risk	Performance	Other
Develop In House				
Contract Out Development				
Government-off-the-shelf (GOTS)				
Commercial-off-the-shelf (COTS)				
Other				

Table 1. Alternatives Evaluation Summary

2.4. Costs and Benefits. Summarize the projected costs (personnel, hardware, software, security mechanisms, and facilities) associated with developing each of the alternatives into an operational system. Identify expected benefits of each alternative such as improvements to functional support and cost savings. Give a cost and benefits rationale for selecting the recommended alternative. Identify the return on investment for implementing the AIS using Appendix D.

2.5. Interface Considerations. Describe the planned or potential interface requirements with other systems, both internal and external to the organization. Indicate whether or not the project will be of an open system architecture. Indicate anticipated advantages, problems, and security vulnerabilities associated with the system interfaces.

2.6. Testing. Describe the developmental, security, and operational tests, as applicable, to be conducted prior to deployment of the information resources.

2.7. Funding. Identify the source and type of funding expected to be used for the selected alternative. Give the current status of funding in support of the total expected life cycle costs of the selected alternative.

2.8. Other Comments. Include any additional information that will facilitate understanding and evaluation of the information system proposal. Training, security, privacy, maintenance, mobility, and site preparation requirements should be addressed in the section.

under \$2M Total Ownership Cost (TOC)

Focus: Return On Investment (ROI)

Appendix D - DFAS Return on Investment Analysis

Step 1. Enter expected costs, savings, and cost avoidances for 10 years. All values are in 1000s.		Year										
		Prior Years	Current Year	Current Year + 1	Current Year + 2	Current Year + 3	Current Year + 4	Current Year + 5	Current Year + 6	Current Year + 7	Through Completion*	Total
		Cost* (Cap. & Op.)	500	3,000	4,000	1,000	500	500	500	500	500	11,500
		Total Benefits	0	0	0	500	1,500	2,500	3,500	3,500	3,500	18,500
		Savings*	0	0	0	500	1,000	2,000	3,000	3,000	3,000	15,500
		Cost Avoidances*	0	0	0	0	500	500	500	500	500	3,000

*Completion means IOC plus 10 years

** Costs, savings, and avoidances may be expressed in either *constant* or *current* dollars, but not both.

Basis (*constant* or *current* dollars):

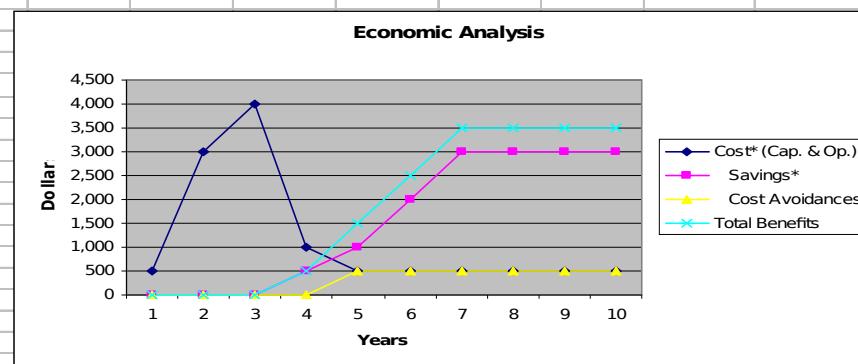
IOC Date:

FOC Date:

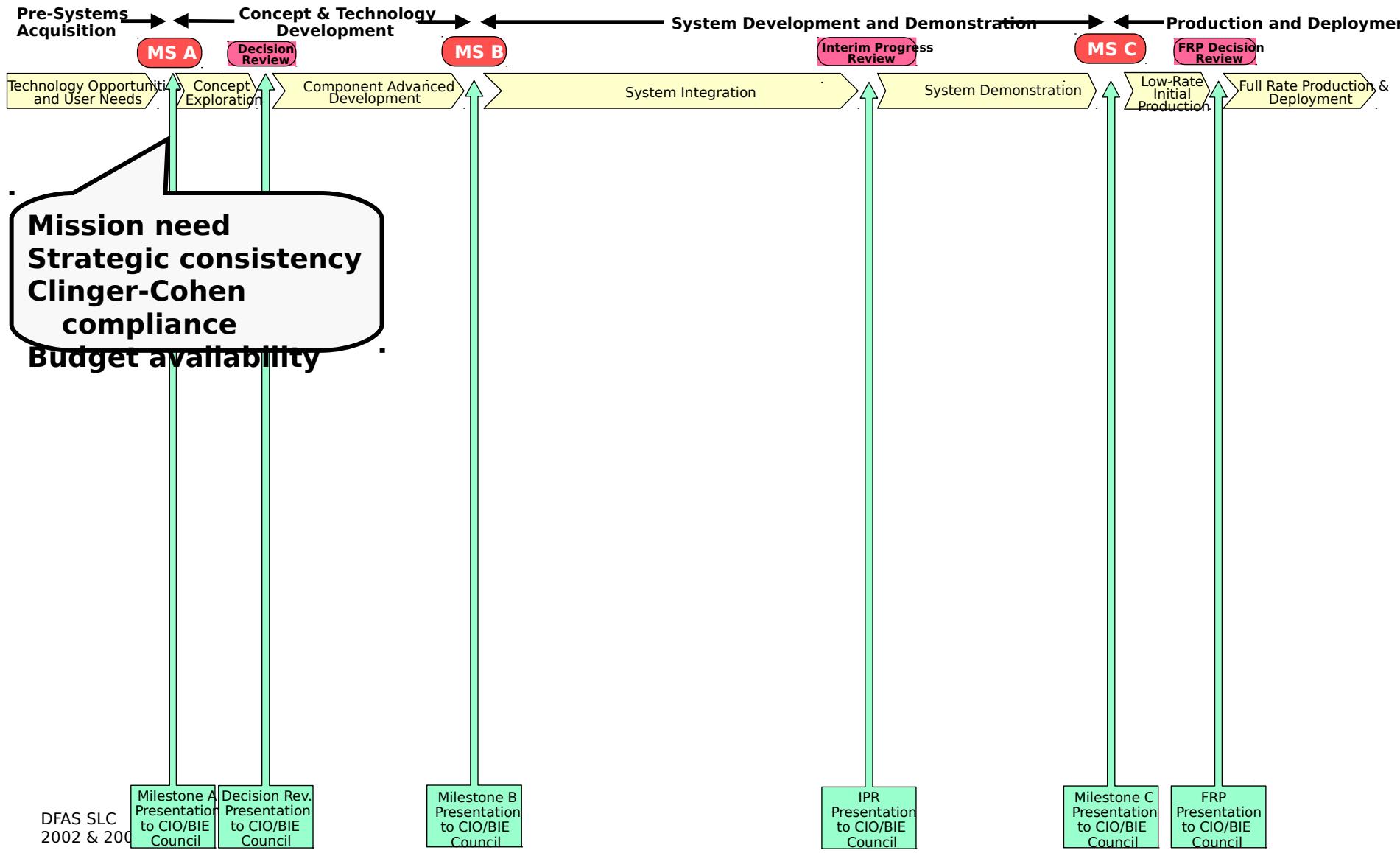
Step 2. Enter the discount rate (default is .07 per OMB Circular A-94)	Discount Rate =	0.07									
---	-----------------	------	--	--	--	--	--	--	--	--	--

Step 3. Copy table into Economic Analysis or LCCE document		Future Costs		Future Benefits		Net Present Value	Payback Period (Years)	Return on Investment			
		Nominal	Present Value	Nominal	Present Value			Savings-to-investment Ratio	Benefits-to-investment Ratio	Internal Rate of Return	
		\$11,000	\$8,467	\$18,500	\$11,016			\$2,550	5	1.0	

	Cash Flows	-500	-3,000	-4,000	-500	1,000	2,000	3,000	3,000	3,000	3,000
Working data	Pres Value of Costs:	467	2620	3265	763	356	333	311	291	272	254
	Pres Value of Savings	0	0	0	381	713	1333	1868	1746	1632	1525
	Pres Value of Benefits	0	0	0	381	1069	1666	2180	2037	1904	1779
	Gross Present Value	-467	-2620	-3265	-381	713	1333	1868	1746	1632	1525
											8934
											9198
											11016
											2083



Milestone A



Milestone A

- Has the business process been reengineered? If not, is there a near-term plan to do so?
- Have mission needs have been approved (ie, signed) by BLE?
- Is the plan to acquire a system is consistent with DFAS strategic and investment plans?
- Have sufficient acquisition methods have been considered (GOTS, COTS, development, etc.)?
- Is there a sound plan to comply with Clinger-Cohen Act?
- Do preliminary cost/benefit estimates align with DFAS corporate planning?
- Are risks anticipated and mitigation planning done?
- Is all required documentation prepared and approved?
- Has USD(C) approved system initiation? (re: the 10/12/01 memo)

Focus: Clinger-Cohen Act

- Is the function “Inherently Governmental”?
- Has a BPR/BPA been performed? Is there a near-term plan?
- Does the proposed system meet a valid requirement?
- Has an analysis of alternatives been performed?
- Has a preliminary cost estimate with ROI been developed?
- To what degree is program funded?
or, Has a funding source been identified?
- Are performance measures defined and tracked?
- How will info assurance requirements be met?

Milestone A Briefing

MILESTONE A DECISION BRIEF PRESENTATION OUTLINE

The Milestone A Decision Brief should be a set of viewgraphs covering the following topics, presented in a sequence selected by the briefer:

1. Business Area Description.

- Scope of the business area, customers, current business process, current systems/functions, users, locations

2. Mission Need.

- Current deficiencies, needed capabilities, and proposed new business process
- Relationship of mission need to the DFAS strategy and relevant DoD strategies
- Impact of proposed system on current operations, personnel, system interfaces, etc.

3. Material and Non-Material Alternative Concepts.

- Alternative methods, costs, schedules, and benefits (include both material and non-material alternatives)
- Outsourcing potential

4. Clinger-Cohen Act Compliance Plan. Indicate the Program's compliance with the Clinger-Cohen Act (CCA) (or the plan for compliance) by providing the table, as shown below, which contains the CCA requirements. In the Document column, cite either (1) the document and the applicable paragraph reference that demonstrates the requirement was met, or (2) the planned document that the Program Manager expects will show compliance. Entries shown below in the Requirements column shall be used as shown. Entries shown in *italics* in the Document column are examples of what could be provided. This table in this format is required by a DoD policy memo dated March 8, 2002.

Requirements Related to Clinger-Cohen Act	Document / Paragraph Citation
This acquisition supports core, priority functions of the Department.	<i>Mission Need Statement, Paragraph 1.</i>
Outcome-based performance measures have been established and linked to strategic goals.	<ul style="list-style-type: none">• <i>Business Process Reengineering (BPR) Report, Para. 5</i>• <i>Operational Requirements Document (ORD), Para. 4 (ROP)</i>
Business processes that the system supports have been reengineered to reduce cost, improve effectiveness, and maximize the use of COTS technology.	<i>BPR Report, Para. 4</i>
No private sector or other Government source can better support this function.	<i>Acquisition Strategy, expected completion June, 2002</i>
An analysis of alternatives has been conducted.	<i>AnA, expected completion July, 2002</i>
An economic analysis has been conducted that includes a calculation of return on investment.	<i>Life Cycle Cost Estimate, expected completion August, 2002</i>
There are clearly established measures and accountability for program progress.	<i>Application Program Baseline (APB), expected completion September, 2002</i>
The acquisition is consistent with the Global Information Grid (GIG) policies and architecture, to include relevant standards.	<ul style="list-style-type: none">• <i>APB (interoperability RPP), expected Sept, 2002</i>• <i>OID (information exchange req'ts)</i>• <i>ITA Profile, expected October, 2002</i>
The program has an information assurance strategy that is consistent	<i>System Security Authorization Agreement</i>

Requirements Related to Clinger-Cohen Act	Document / Paragraph Citation
with DoD policies, standards, and architectures.	<i>(SSA4), expected October, 2002</i>
To the maximum extent practical, (1) modular contracting has been used, and (2) the program is being implemented in phased, successive blocks, each of which meets part of the mission need and delivers measurable benefit, independent of future blocks.	<ul style="list-style-type: none">• <i>Acquisition Strategy, expected June, 2002</i>• <i>APB (schedule), expected Sept, 2002</i>
The system being acquired is registered in the DoD database.	<ul style="list-style-type: none">• <i>Will be registered in the DFAS System Inventory Database (SID)</i>

5. Cost and Benefits Estimate.

- *Detailed cost estimate until the next management review (usually the Decision Review at the completion of the Concept Exploration subphase)*
- *Rough Order Magnitude (ROM) cost estimate for each of the subsequent phases*
- *Estimated benefits of eliminating the deficiencies*

6. Affordability/Funding Status.

- *Show funding types, amounts and sources*
- *Show requested and actual amounts for President's Budget and POM*

7. Schedule.

- *High level schedule showing major milestones and IOC/POC dates*

8. Constraints.

- *Facilities, locations, infrastructure, interoperability with DoD components, GCSS impact*

9. Risks.

- *Provide a table, as shown below, that describes each risk*

Risk Description	Prob. of Occurrence (i.e., Hi, Med., or Low)	Impact	Mitigation Strategy
		Cost Schedule Performance	
		Cost Schedule Performance	

10. User/Customer Issues and Recommendations.

- *Identify issues that customers or users have and their recommended resolution strategy*

11. Documentation Status.

- *Provide a table listing each document and its status (use not started, in progress, in coordination, approved). Required documents include: BPR Report or Business Area Analyses, MVS, and Draft Pd Charter if available.*

Milestone A: Conclusion

- *MDA decides whether to:*
 - *Continue the project or program,*
 - *Modify the project or program, or*
 - *Terminate the project or program.*
- *MDA issues the
System Decision Memorandum*